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# UNITED WHELAN CORPORATION

*Annual Report*

*1957*

Coca-Cola
Whelan Drugs
SODA
Whelan's
Serve Yourself and Save
Whelan's DRUGS
SALE
FILMS

Coca-Cola
Whelan Drugs
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Coca-Cola
Whelan Drugs
A&P

# UNITED WHELAN CORPORATION

***Executive and General Offices:*** **82 39th Street, Brooklyn 32, N. Y.**

**Branch Offices and Warehouses**

725 South Wells Street, Chicago, Ill.
2928 Leonis Blvd., Los Angeles 58, Calif.
239-243 N.W. 28th St., Miami 37, Fla.

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**Board of Directors**

Leo Bertisch*
George P. Frenkel
Charles Green*
J. Raymond McGovern*
William L. Pfeiffer
Nat Polinsky
Ted M. Segal*
Harry T. Silverman*
Milton Soref

* Member—Executive Committee

**Officers**

Charles Green ..... *Chairman of the Board*
Harry T. Silverman ..... *Chairman of Executive Committee*
Leo Bertisch ..... *President*
Benjamin S. Thaw ..... *Executive Vice President*
Paul Olsen ..... *Vice President, Treasurer and Comptroller*
Alvah K. Parent ..... *Vice President and Secretary*
Harry M. Chichester ..... *Vice President*
Herman H. Goldstein ..... *Vice President*
John C. Hutsler ..... *Vice President*
Charles J. Sewall ..... *Assistant Secretary and Assistant Treasurer*

## BRIEF COMPARATIVE HIGHLIGHTS

| | 1957 | 1956 | 1955 |
|---|---|---|---|
| Sales and shipments to agents..... | $52,568,514 | $54,823,929 | $56,557,376 |
| Net income after Federal income taxes ..... | 744,760 | 676,965 | 540,531 |
| Earnings per share (Common) ..... | 46¢ | 33¢ | 23¢ |
| Dividends (Common) ..... | 24¢(A) | 20¢(B) | 17½¢(C) |
| Book value of Common Stock..... | $6.75 | $6.13 | $5.88 |
| Shares of Common Stock outstanding at end of year..... | 1,502,451 | 1,892,908 | 2,043,349 |
| Ratio of Current Assets to Current Liabilities ..... | 2.6 to 1 | 2.8 to 1 | 3.1 to 1 |
| Units in operation: | | | |
| Stores ..... | 136 | 146 | 160 |
| Agencies ..... | 534 | 583 | 610 |

(A) Declared January 24, 1958 (four quarterly dividends of 6¢ each).

(B) Declared January 24, 1957 (two semi-annual dividends of 10¢ each).

(C) Declared January 13, 1956.

March 24, 1958

*To the Stockholders of*

UNITED WHELAN CORPORATION:

We wish to report that your Corporation during the year ended December 31, 1957 enjoyed a gain in profits. As is indicated in the tabulation of Brief Comparative Highlights, profit after taxes for the year 1957 showed an increase of approximately 10% over the previous year, although sales volume declined 4.1%.

In 1957 three new stores of the self-service type were opened and a number of marginal and unprofitable units were sold or closed. Plans for 1958 contemplate the opening of seven additional units of the self-service type and the closing or sale of more unprofitable stores.

For details of the financial condition of the Corporation and its subsidiary companies at December 31, 1957 and of their operations for the year 1957, reference is made to the accompanying Consolidated Balance Sheet and Consolidated Statement of Income and Earned Surplus. These financial statements include comparative figures for 1956.

Mr. Frank H. Blair, a Director of the Corporation since 1953, resigned in February, 1958. The number of Directors has been reduced from ten to nine.

This report is submitted on behalf of the Board of Directors.

*Chairman of the Board*

*President*

## UNITED WHELAN CORPORATI

### COMPARATIVE CONSOI

**As at December**

## ASSETS

| | 1957 | 1956 |
|---|---|---|
| CURRENT ASSETS: | | |
| Cash | $ 2,175,640 | $ 3,910,666 |
| Investments, at cost (which approximates market quotations) | 2,048,294 | 1,761,749 |
| Accounts and notes receivable, and merchandise shipments to agents, less reserves—Note A | 1,191,602 | 1,239,038 |
| Inventories of merchandise and supplies, at cost or market whichever is lower | 7,048,402 | 7,093,455 |
| Prepaid insurance, taxes and rent | 336,255 | 371,416 |
| TOTAL CURRENT ASSETS | 12,800,193 | 14,376,324 |
| OTHER ASSETS—Note A: | | |
| Merchandise shipments to agents | 370,875 | 404,250 |
| Accounts and notes receivable due after one year, etc. | 235,741 | 245,843 |
| | 606,616 | 650,093 |
| FIXED ASSETS, at cost or less: | | |
| Furniture, fixtures and equipment (includes approximately $1,300,000 in 1957 and $1,400,000 in 1956 on which depreciation provided is equal to asset) | 4,395,536 | 4,680,745 |
| Less: Depreciation | 3,168,588 | 3,258,071 |
| | 1,226,948 | 1,422,674 |
| Improvements to leaseholds, less amortization | 1,686,570 | 1,874,204 |
| | 2,913,518 | 3,296,878 |
| DEFERRED CHARGES | 156,791 | 168,589 |
| | $16,477,118 | $18,491,884 |

This statement is subject to the accompanying Notes to F

## AND SUBSIDIARY COMPANIES

### ATED BALANCE SHEET

### 1957 and 1956

LIABILITIES

| | 1957 | 1956 |
|---|---|---|
| CURRENT LIABILITIES: | | |
| Accounts payable | $ 2,732,733 | $ 2,823,090 |
| Taxes accrued and withheld, other than Federal income taxes | 665,051 | 628,286 |
| Accrued compensation and other liabilities | 826,515 | 922,193 |
| Provision for Federal income taxes | 608,656 | 808,766 |
| TOTAL CURRENT LIABILITIES | 4,832,955 | 5,182,335 |
| CAPITAL STOCK AND SURPLUS—Note B: | | |
| Capital Stock: | | |
| Convertible Preferred Stock, par value $100.00 a share, $3.50 dividend cumulative (each share exchangeable for four shares of Common Stock): | | |
| Authorized—50,000 shares | | |
| Issued—14,777 shares (1956—17,910 shares) | 1,477,700 | 1,791,000 |
| Common Stock, par value 30¢ a share: | | |
| Authorized—3,000,000 shares | | |
| Issued—2,307,308 shares | 692,192 | 692,192 |
| Capital Surplus | 6,040,258 | 5,973,434 |
| Earned Surplus | 7,101,916 | 6,779,806 |
| | 15,312,066 | 15,236,432 |
| Less: Treasury stock, at cost | 3,667,903 | 1,926,883 |
| | 11,644,163 | 13,309,549 |
| LONG-TERM LEASES AND OTHER CONTINGENCIES—Note C | | |
| | $16,477,118 | $18,491,884 |

ncial Statements, which are made an integral part hereof.

# UNITED WHELAN CORPORATION
# AND SUBSIDIARY COMPANIES

## COMPARATIVE CONSOLIDATED STATEMENT OF INCOME AND EARNED SURPLUS

### For the Years Ended December 31, 1957 and 1956

| | 1957 | 1956 |
|---|---|---|
| Net sales and shipments to agents—Note A | $52,568,514 | $54,823,929 |
| Other operating income: | | |
| Income from display advertising, sundry commissions, etc. | 1,292,313 | 1,303,862 |
| Rental income | 806,753 | 822,371 |
| | 54,667,580 | 56,950,162 |
| Cost of goods sold and cost of shipments to agents, and selling, general and administrative expenses, exclusive of depreciation and amortization | 52,740,448 | 54,938,708 |
| | 1,927,132 | 2,011,454 |
| Depreciation and amortization | 587,286 | 614,415 |
| | 1,339,846 | 1,397,039 |
| Other income: | | |
| Dividends and interest | 137,923 | 68,443 |
| Profit on disposition of fixed assets and leases | 48,038 | 15,672 |
| Profit on sales of securities | 5,965 | 61,200 |
| Miscellaneous (including, in 1956, $45,114 adjustment of prior years' tax accruals) | 61,418 | 108,553 |
| | 253,344 | 253,868 |
| | 1,593,190 | 1,650,907 |
| Other deductions | 83,430 | 43,942 |
| Net income before Federal income taxes | 1,509,760 | 1,606,965 |
| Provision for Federal income taxes (including, in 1956, $75,000 for prior years) | 765,000 | 930,000 |
| Net income | 744,760 | 676,965 |
| Earned Surplus as at beginning of year | 6,779,806 | 6,536,475 |
| | 7,524,566 | 7,213,440 |
| Dividends on Convertible Preferred Stock | 54,259 | 77,470 |
| Dividends on Common Stock | 368,391 | 356,164 |
| | 422,650 | 433,634 |
| Earned Surplus as at end of year | $ 7,101,916 | $ 6,779,806 |

This statement is subject to the accompanying Notes to Financial Statements, which are made an integral part hereof.

# UNITED WHELAN CORPORATION
# AND SUBSIDIARY COMPANIES

## NOTES TO FINANCIAL STATEMENTS
## As at December 31, 1957

GENERAL:

Reference is made to the previously issued annual report for the notes applicable to the consolidated financial statements as at December 31, 1956, and for the year then ended. In 1957, the Corporation's name was changed from United Cigar-Whelan Stores Corporation to United Whelan Corporation.

NOTE A—MERCHANDISE SHIPMENTS TO AGENTS:

In accordance with the Corporation's established policy, net sales and shipments to agents, as shown in the accompanying consolidated statement of income and earned surplus, include amounts representing merchandise shipments to agents who operate retail outlets, ownership of which merchandise, under the terms of the agency agreements, remains with the Corporation until the merchandise is sold by the agents. Amounts owing by agents for merchandise sold as at December 31, 1957, and the accountability of agents as at that date for unsold shipments of merchandise (other than initial inventory allowances) together total $705,391. Of this amount, $685,614 is included in the accompanying consolidated balance sheet under Current Assets in "Accounts and notes receivable, and merchandise shipments to agents, less reserves," and $19,777 is included under Other Assets. The initial inventory allowances, for which agents are not required to make settlement until the termination of the agency, are included under Other Assets.

NOTE B—CAPITAL STOCK AND SURPLUS:

During 1957, the Corporation retired 3,133 shares of its Convertible Preferred Stock, of which 1,778 shares were acquired during the year. This resulted in an increase of $66,824 in Capital Surplus, representing the excess of the par value of the shares retired over the cost thereof.

Treasury stock as at December 31, 1957, consists of 804,857 shares of the Corporation's Common Stock, of which 390,457 shares were acquired during the year.

NOTE C—LONG-TERM LEASES AND OTHER CONTINGENCIES:

The Corporation and its subsidiaries in the ordinary course of business lease all store properties. At December 31, 1957, there were 123 leases expiring more than three years after that date for which the minimum annual rentals were approximately $1,800,000. The majority of these leases provide for additional rentals based upon percentages of sales in excess of predetermined bases and upon other factors.

The Corporation is contingently liable with respect to the guarantee of another's obligation approximating $157,000.

During 1957, a libel action claiming a substantial sum was instituted against a magazine publisher and, in addition, a number of distributors and retailers, including a subsidiary of the Corporation, were named as co-defendants in the action. Counsel has advised the Corporation that they "do not consider this action to be a serious threat to the financial standing" of the subsidiary.

Based upon the opinions of counsel, management believes that other litigation against the Corporation will not result in a materially adverse effect on the consolidated financial position.

## ACCOUNTANTS' REPORT

**S. D. LEIDESDORF & CO.**
**Certified Public Accountants**
**125 Park Avenue**
**New York, N. Y.**

*To the Stockholders*
UNITED WHELAN CORPORATION
New York, N. Y.

We have examined the consolidated balance sheet of United Whelan Corporation and subsidiary companies as at December 31, 1957, and the related consolidated statement of income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated statement of income and earned surplus, together with the notes to financial statements, present fairly the consolidated financial position of United Whelan Corporation and subsidiary companies at December 31, 1957, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

S. D. LEIDESDORF & CO.

New York, N. Y.
March 12, 1958

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**COUNSEL**

ARANOW, BRODSKY, BOHLINGER, EINHORN & DANN, New York, N. Y.

**TRANSFER AGENT**

Convertible Preferred Stock and Common Stock
The Marine Midland Trust Company, New York, N. Y.

**REGISTRAR**

Convertible Preferred Stock and Common Stock
The New York Trust Company, New York, N. Y.

KWIK CHEK
FOOD STORE
Whelan Drugs
HANES

GIFT SETS
SUNTAN
CANDY
TOYS
TOYS
PLASTIC WARE
KITCHENWARE
2.95
1.69
ONLY A LIMITED QUANTITY
Kodak

Whelan Drugs
DRINK
Coca-Cola

"GET IT AT Wholan's"